

Corporate Social Responsibility

Stakeholders

The Group continues to recognise the need to engage with its key stakeholders and that this engagement must align closely with its business objectives if it is to maximise shareholder value and service to the customer.

The Directors believe that the Strategic Review announced in 2007 supported the achievement of these objectives, by promoting efficiency and quality and minimising cost and bureaucracy. During 2008, considerable effort has been devoted to delivering the benefits identified in the Strategic Review and overcoming the challenges the Group continues to face in the current economic climate.

In addition to the environment, the Group's key stakeholders are:

- Customers
- Shareholders
- Colleagues
- Suppliers, and
- Communities

Customers

The Directors believe that the Group continues to offer the customer a specialised retail experience. A key differentiator of the Jessops business model is customer service and the Directors are proud of their knowledgeable colleagues, who provide reliable, unbiased advice and technical support to customers making a buying decision.

To ensure that this core value is not diluted, the Directors continue to place a strong emphasis on training to provide their colleagues with the skills to understand customer requirements across a range of services and equipment. The development of product knowledge remains an important feature of colleague training via the new on-line Jessops Academy.

The Group takes all reasonable care to ensure the safety and quality of the goods it provides, employs a full time customer liaison department and works closely with local Trading Standards Officers.

During the year, the Group has improved the customers' shopping experience by conducting a review of the Group's product range and how this is presented to the customer, both instore and on-line. The result has been to make shopping in Jessops stores easier, with clearer signage and displays and improved areas dedicated to development and printing.

Consumer and Brand Awards

During the year, the Group won the 'Best Photo Retailer of the Year' title in the 2008 Gear of the Year Awards for the 13th year in succession. This was voted for by the public through the pages of leading consumer magazines Practical Photography and Digital Photo.

The Group was awarded the A&B Cultural Branding Award at the Jaguar Land Rover Arts and Business Awards 2008. This was awarded to the Group alongside BBC West Midlands and Audiences Central for its involvement in the Big Picture project. Thousands of people were inspired to take part in the project and over 110,000 pictures were submitted, resulting in a new Guinness world record for the world's largest photo mosaic.

The Group has received the Bronze Award for the 'Best Retail Advertisement' category at the Roses advertising awards 2008 for our brand advertising campaign.

Shareholders

The Chairman continues to seek to ensure that there is effective communication with individual and institutional shareholders through the announcement of regular trading updates, the posting of results on the Group's website and general presentations after the announcement of the interim and preliminary results.

The Board continues to believe that the Annual General Meeting is the main forum for communication with shareholders, where the Chairman of the Board and its sub-committees are available to answer any issues raised and where Directors are available to meet shareholders. In the current circumstances, where the Board has only two Directors, both made themselves

available to meet shareholders at the AGM held on 19 February 2008 and both Directors intend to do so for the forthcoming AGM in 2009. In addition, the Company Secretary and the Company's Brokers draw the attention of the Board to all relevant shareholder communications. The Board also reviews briefings and comments by analysts in order to maintain an understanding of market perceptions of the Company.

Although no longer considered independent by virtue of the financial support given to the Company, William Rollason acts as the Senior Independent Director and is available to shareholders if they have concerns which cannot be addressed through the Chairman, or for which such contact is not appropriate.

All substantial issues, including the receipt of the annual report and accounts, are proposed at the Annual General Meeting as separate resolutions.

Colleagues

The Directors continue to recognise that their colleagues within the business are vital to its ongoing success and continue to try to make employment within the Group a safe, rewarding, challenging and developmental experience. The Group has developed clear and fair employment policies, details of which may be found in the employee hand book which is issued to all staff and is reviewed, revised and re-issued from time to time. Further details of employee participation in the business may be found in the Directors' Report on page 19.

The Directors provide training opportunities to colleagues, with training investment focused on both store staff training and management development. The Group recognises in particular the need to provide career development training to managers and potential managers in order to develop their skills and encourage promotion from within.

During the year, the Group has rolled out a cultural philosophy aimed at encouraging the active engagement of colleagues to deliver world class customer service and confirming Jessops as a great place to work. This has been supported by a new Performance and

Development Review programme and the Jessops Academy to develop colleagues' potential by providing a business-wide training resource. In addition, an internal on-line chatroom has been established to encourage colleagues to share learning experiences.

Health & Safety

The Group seeks to comply with all relevant employment and health and safety legislation. In addition to the on-going work on Health & Safety management and awareness training, the Group:

- operates a rolling programme of Health & Safety Audits for its sites;
- introduced occupational road risk assessments for Company drivers;
- operated a programme to assess all sites for the presence of legionella in on-site water systems;
- held an Institute of Occupational Safety & Health (IOSH) Health & Safety training course for the Group's Directors and Senior Managers; and
- initiated a review of its Health & Safety procedures, to be completed in the year to 30 September 2009.

During the financial year, the Group had 3 (2007: 3) reportable accidents under the Health and Safety Executive's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). These regulations are for injuries or accidents occurring at work and which result in more than 3 days absence from work.

Suppliers

The Directors continue to believe in developing strong and successful trading relationships with suppliers.

In doing so, the Directors recognise the Group's obligation to comply with competition law and have developed procedures to ensure that these relationships remain at arm's length. During the year, colleagues whose work roles might bring them into contact with competition related issues received competition law compliance training. The Group continues to adopt a clearly stated policy concerning the fair and timely payment of suppliers.

Own brand product continues to undergo a thorough Quality Assurance programme to ensure that suppliers are meeting their obligations to provide goods of the required standard. During the year this programme has been enhanced by in-production inspections carried out by an external quality assessor.

The Group has introduced a policy of undertaking Social Audits for own brand suppliers. The programme begins with new own brand suppliers and to date one supplier in China has been assessed. This assessment was undertaken by an external assessor performing a labour policy audit, as applied to local law. Social Audits will be undertaken to standards established by the Ethical Trading Initiative and SA8000.

Supplier Award

During the year, the Group has won the Best Supplier title at the recent Royal Sun Alliance, Lloyds TSB and Co-op Insurance Supply Chain Collaboration Awards 2008. This is the first time the Group has won this award.

Communities

The Group's relationship with the community remains important to the Directors and has been emphasised by the 5 year partnership with CLIC Sargent, a charity which supports children and their families whose lives have been affected by cancer and leukaemia.

In the year to 30 September 2008, staff and customers raised £47,750 for those children and their families who benefit from the work of this charity.

During the course of the last 5 years, a total of £261,250 has been raised for CLIC Sargent and the Directors wish to thank all those who have generously contributed to this success.

Having reviewed the Group's support for charities, the Directors have decided that the children's charity Barnardo's should benefit from the Group's fundraising activities in 2009. Barnardo's uses its expertise and knowledge to campaign for better care for children, and to champion the rights of every child, and therefore strengthening the Group's continued support for children in need.

The Environment

The Directors continue to recognise that:

- the effective implementation of its environmental policy represents an opportunity to increase the efficiency of the Group's operation; and
- business benefit may be achieved from environmental protection by reducing environmental risks when improving performance.

The Group continues to treat its environmental obligations with the utmost responsibility, is committed to the prevention of pollution and works to minimise the environmental impact of its operations wherever and whenever practicable.

Minilab Chemical Disposal and Recycling

The Group has registered all minilab stores and the head office site with the Department of the Environment, Food and Rural Affairs for the collection of hazardous waste. This registration is renewed annually. The chemical process for the development of photographic prints by the instore minilabs produces a liquid effluent which, if discharged into watercourses, may be harmful to aquatic life. The major contaminants in this waste are heavy metals, predominantly silver. The Group collects the effluent, which is treated by a licensed environmental contractor to extract the silver and reduce the liquid to water, which is safe to discharge into the normal sewerage. The extracted silver is recycled. The Group is currently reviewing the use of dry labs which have no liquid effluent.

The Group has closed the central lab based at the Head Office.

During maintenance, Minilab assets and components are evaluated, refurbished and re-used where possible. Where this is not practicable, components parts are disposed of or recycled as appropriate.

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

The Group continues to review the potential impact of the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Directive on the Group's activities.

Asbestos

The Group continues to fulfil its obligations regarding asbestos found in buildings in the Group's custody. A full survey for the presence of asbestos on all sites has been undertaken and each of the relevant sites has a statutory asbestos management plan which is reviewed annually.

Waste Materials and Other Directives

The Group fulfils its obligations under the Waste Electrical and Electronic Equipment Directive (WEEE) and has joined both producer and retail compliance schemes. The closure of the Dublin store in 2007 has led to the Group de-registering from the Irish Government's WEEE compliance programme.

The Group has fulfilled its obligations under the Batteries Directive, which came into force in September 2008, by marking batteries with a logo to confirm that the product once spent should not go to unsorted waste. A further development of the Batteries Directive in 2009 is likely to lead to strict import controls on heavy metals in batteries and the impact of this is currently being assessed. The Group continues to monitor the progress of the Energy Using Products (EUP) Directive for any impact on the Group's activities.

Restriction of certain Hazardous Substances (RoHS)

The Group fulfils its obligations under the RoHS regulations for electrical products, which ban the use of lead, cadmium, chrome 6, mercury, poly brominated biphenols (PBB's) and poly brominated diphenol ethers (PBDE's), in electrical and electron equipment.

Packaging Waste Regulations

The Group is audited on a triennial basis by the Environment Agency under the Packaging Waste Regulations. The last audit was passed without any major suggestions for improvement in 2006. The next audit is due to take place in June 2009.

Waste Paper and Cardboard

The business recycles card, paper packaging and waste products whenever practicable to do so. During the year 211 tons of cardboard (2007: 277 tons) and 12 tons of waste paper was recycled (2007: 15 tons).

Carrier Bags

The Group has been sourcing oxobiodegradable carrier bags since late 2007. At present medium and large carrier bags will safely degrade in virtually any environment. The degrading process starts some 18 months after first use and does not produce methane or

other hazardous or toxic by-products. These bags can also be recycled as HDPE where such recycling is available.

The Group intends to extend this to its small carrier bags at the next production run.

Fire Safety

The Group continues to meet its obligations under the Fire Safety Order 2005 and has established a process under which all the Group's operational sites have fire risk assessments and a management programme for reviewing and updating those risk assessments.

Motor Vehicles

Where appropriate, the Group is seeking to replace company cars with cash allowances. The Group's remaining fleet of vehicles continues to be maintained and serviced by authorised dealers and repair companies with the appropriate facilities to safely dispose of waste product, such as tyres and oil.

The Group has introduced occupational road risk assessments for all Company drivers.